Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

LIMITED OFFICIAL USE

PAGE 01 KUWAIT 01767 060929Z

50
ACTION NEA-16

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-02 LAB-06 SIL-01 OMB-01 DRC-01 PA-04 PRS-01

USIA-15 /114 W
---------- 045086
R 060905Z MAY 74
FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC 9483
INFO AMEMBASSY ABU DHABI
AMEMBASSY JIDDA
AMEMBASSY MANAMA
AMEMBASSY BEIRUT POUCH

LIMITED OFFICIAL USE KUWAIT 1767

DEPT PASS TREASURY, FRB AND EXIMBANK

EO 11652: NA
TAGS: EFIN, KU
SUBJ KUWAIT DOMESTIC BANKING POLICY

REF: KUWAIT 1616 (NOTAL)

1. EMBOFF USED RECENT ARTICLE IN LOCAL PRESS THAT SEVERAL NEW BANKS, INVESTMENT COMPANIES AND INSURANCE COMPANIES BEING PLANNED HERE AS OCCASION TO DISCUSS GOK POLICY RE DOMESTIC BANKING WITH KUWAITI CENTRAL BANK OFFICIAL WHO IS DIRECTLY RESPONSIBLE FOR DOMESTIC BANKING AFFAIRS. OFFICIAL SAID PRIVATE INTERESTS HAVE REQUESTED CHARTERS TO OPEN FOUR BANKS IN ADDITION TO SIX BANKS ALREADY OPERATING IN KUWAIT. HE SAID NONE OF THE FOUR APPLICATIONS HAS YET BEEN APPROVED BY CENTRAL BANK.

2. IN COMMENTING ON RELATIVELY INTENSE INTEREST AMONG PRIVATE SECTOR HERE TO ENTER BANKING, OFFICIAL SAID CENTRAL BANK
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 KUWAIT 01767 060929Z

ATTEMPTING TAKE CAUTIOUS APPROACH IN EFFORT KEEP LOCAL BANKING

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

INDUSTRY HEALTHY. HE COMMENTED SOMEWHAT DISDAINFULLY OF SITUATION IN BAHRAIN AND UAE WHICH HE DESCRIBED AS OVERBANKED. HE CLAIMED DUBAI OFFICIALS BECOMING CONCERNED OVER RAPID EXPANSION OF NUMBER OF BANKS THERE.

3. CENTRAL BANK OFFICIAL, ADMITTED, HOWEVER, THAT PRIVATE SECTOR EAGER TO EXPAND LOCAL BANKING SECTOR AND IN ATTEMPTING BUDGE CENTRAL BANK, VARIOUS GROUPS TRYING SET-UP "UNIQUE" BANKS. IN THIS REGARD, HE SHED LIGHT ON EXIMBANK-TYPE INSTITUTION DES-CRIBED REFTEL (NOTAL) BUT HE SAID PROJECT IS PRIVATE ONE AND NOT RPT NOT SPONSORED BY CENTRAL BANK OR GOK. HE SAID CENTRAL BANK STUDYING PROPOSAL BY PRIVATE GROUP TO SET-UP ARAB "EXIMBANK" BUT NOT CLEAR EXACTLY WHAT ORGANIZERS HAVE IN MIND. COMMENT: DESPITE LACK OF OFFICIAL GOK ROLE, EMBASSY HOPES EXIMBANK CAN STILL PROVIDE INFO REQUESTED REFTEL. END COMMENT.

4. RE FOREIGN BANKING IN KUWAIT, OFFICIAL TOOK VERY HARD LINE INDICATING THAT PRESENCE OF FOREIGN BANKS HERE EITHER IN FORM REPRESENTATIVE OFFICES OR AS MINORITY PARTICIPANTS IN LOCAL BANKS UNLIKELY IN FORESEEABLE FUTURE. FYI. PRESENTLY A WASHINGTON DC BANK KNOWN TO HAVE BEEN IN TOUCH WITH MEMBERS ROYAL FAMILY SEEKING ESTABLISH ITSELF IN SOME FORM HERE. END FYI. AS PROOF OF FIRMNESS OF GOK POSITION, HOWEVER OFFICIAL CITED CASE OF FOREIGN BANK OWNED 40 PERCENT BY GOK WHICH WAS NOT RPT NOT ALLOWED ESTABLISH REPRESENTATIVE OFFICE HERE. ON OTHER HAND OFFICIAL INDICATED THAT HE AND SOME OTHER OFFICIALS QUESTIONING WISDOM THIS POLICY IN LIGHT GROWING NEED AMONG KUWAITIS TO HAVE FIRST CLASS BANKING SERVICES AND GENERAL DESIRE TO ENHANCE KUWAIT'S POSITION AS INTERNATIONAL BANKING CENTER.

5. COMMENT: THERE GROWING PRESSURE FROM PRIVATE SECTOR TO ESTABLISH MORE BANKS HERE, BUT SO FAR AT LEAST CENTRAL BANK TRYING HOLD NUMBER DOWN. NEVERTHELESS SEEMS LIKELY AT LEAST ONE OR TWO NEW BANKS WILL BE ESTABLISHED OVER NEXT YEAR. SIMILARLY, THERE MAY BE SOME VERY GRADUAL SOFTENING OF POSITION RE FOREIGN BANKING ACTIVITY HERE, BUT OUR BEST GUESS NOW IS THAT VARIETY LOCAL PRESSURES WILL SUCCEED IN KEEPING FOREIGN BANKING INTERESTS OUT FOR NEXT YEAR OR SO. BUT OVER LONGER TERM KUWAITIS COULD DECIDE THAT ON BALANCE IT WOULD BE BENEFICIAL TO ALLOW LIMITED ROLE HERE FOR FOREIGN BANKS.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

STOLTZFUS

LIMITED OFFICIAL USE

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

NNN

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, BANKS, CENTRAL GOVERNMENT, BANK LAW, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 06 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974KUWAIT01767
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740108-0742
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740572/aaaacmja.tel
Line Count: 108
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: KUWAIT 1616 (NOTAL)
Review Action: RELEASED, APPROVED
Review Authority: GarlanWA
Review Comment: n/a
Review Content Flags:
Review Date: 15 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15-Aug-2002 by izenbei0>; APPROVED <03 FEB 2003 by GarlanWA>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: KUWAIT DOMESTIC BANKING POLICY
TAGS: EFIN, KU
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005